



# Window on State Government

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**For Immediate Release**

August 7, 2008

## Comptroller's Report Examines Tremendous Economic Opportunities in the South Texas Region

(AUSTIN) — Only two weeks after Hurricane Dolly, South Texas is on the road to recovery, and economists expect the storm to carry no lasting negative impact on the region's economy, Texas Comptroller Susan Combs said today.

"Overall, South Texas fortunately escaped the widespread, catastrophic impact a hurricane can bring to a coastal area," Combs said. "While some businesses in the region did experience significant damage, the economic outlook for the South Texas region as a whole remains excellent."

Indicators point to a tremendous economic outlook for South Texas, Combs says in a new report that explores the opportunities and challenges facing the region in the coming years.

"South Texas' strengths include vibrant international trade, a young and rapidly growing population and impressive gains in education and work force development," Combs said. "The region's rate of job growth will outpace that of the state through 2012, and South Texas has a young work force to grasp those opportunities."

*Texas in Focus: South Texas* is the third volume in a series of reports highlighting economic development issues statewide and for individual regions of Texas. The South Texas report focuses on 28 counties between the Rio Grande River and the Gulf of Mexico, including the cities of Corpus Christi, Brownsville, Harlingen, McAllen, Laredo, Eagle Pass and Del Rio. Like other reports in the series, *Texas in Focus: South Texas* examines economic development, demographics, infrastructure, health care and education — key issues that present both opportunities and challenges for the Texas economy.

According to the report, the projected employment growth in South Texas from 2002 to 2012 will be about 29 percent, well above the projected statewide growth rate of about 25 percent. The McAllen-Edinburg-Mission area and Laredo will likely see the highest employment growth at 38.5 percent and 34.5 percent, respectively. The most significant growth is expected in educational and health services, financial activities, professional and business services and the trade, transportation and utilities sectors.

The South Texas region is perfectly located to benefit from rapidly expanding international trade. Trade between Mexico and the South Texas region totaled nearly \$162 billion in 2007, up 28 percent since 2004. South Texas has five major seaports and eight inland ports moving train and truck cargo across the border. The busiest seaport is Corpus Christi, which ranked in 2006 as the nation's sixth-largest port in cargo tonnage, handling 77.6 million tons. Nearly 70 percent of this cargo was involved in international trade. Laredo, the busiest inland port, handled nearly \$83 billion in truck trade and more than \$27 billion in rail trade with Mexico during 2007.

Moving goods to and from the ports and transporting the region's economically important agricultural products — cattle, sugar cane, grain sorghum, cotton, citrus, onions and other produce — to market make transportation a major industry and economic engine in South Texas. But rapid economic growth also presents a challenge: strain on the area's highways. To alleviate traffic congestion, promote economic development and better connect the South Texas region's agricultural, trade and economic centers with markets throughout the state and nation, plans are developing for several Texas trade corridors in which highways will be expanded and improved. Developers also see rail service expansion as key to moving goods more efficiently.

The region produces and will continue to produce an educated and effective work force to support continued economic growth. South Texas schools are making rapid gains in academic performance, ranking above the statewide average on several educational benchmarks. In 2006, more students graduating from South Texas high schools took the SAT or ACT college entrance exams than the statewide average. The higher education landscape in South Texas is undergoing a dramatic change. South Texas has 13 higher education institutions that operate 26 campuses in the region, including several Texas A&M and University of Texas campuses, and six community college districts have 12 of these campuses. These institutions are seeing significant increases in enrollment and in the number of degrees awarded. Enrollment in South Texas universities rose by 37.1 percent between 2000 and 2007, compared to a statewide growth rate of 19.9 percent. Enrollment in two-year colleges in the region rose by 44.7 percent.

As in other regions, health care is both a high-growth sector of the South Texas economy and an economic challenge. Limited access to health care in some counties, high rates of the uninsured and a higher-than-average rate of chronic diseases, such as diabetes pose significant challenges. The region has adopted innovative solutions to improve access, and South Texas colleges and universities offer training programs that help meet the need for health care professionals.

The South Texas region's population increased at an annual rate of 2.1 percent from 2002 to 2007, slightly faster than the state as a whole. Growth in the metropolitan areas of McAllen-Edinburg-Mission, Laredo and Brownsville outpaced both the region and the state. Population growth in the region is expected to slow to 1.4 percent annually during the next five years, but will continue to exceed the statewide average.

"How South Texas meets the opportunities and challenges ahead will determine the magnitude of continued economic growth," Combs said. "We hope local government officials, chambers of commerce, economic development corporations and many others will use this report as a tool to stay on top of important issues as they work to keep their local economies thriving."

To help local governments and other groups plan for growth, the Comptroller's office provides economic development information, as well as analysis of demographics, labor force and other factors that affect economic development. Using its Texas EDGE (Economic Data for Growth and Expansion) Program, the agency runs economic models and provides analyses that identify occupational and industry trends and their effects on the local economy. The Comptroller's office also identifies

opportunities for local governments to raise funds for economic development through property, sales and franchise tax revenues, exemptions and credits.

“One role of state government is to create an environment in which a healthy economy can flourish,” Combs said.

The *Texas in Focus: South Texas* report can be found on the Comptroller's Web site at [www.window.state.tx.us/specialrpt/tif/southtexas](http://www.window.state.tx.us/specialrpt/tif/southtexas). The statewide economic report, *Texas in Focus: A Statewide View of Opportunities*, and the first regional report in the economic series, *Texas in Focus: High Plains*, are also posted online.

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